

**State of Washington
Decision Package**

Agency: 310 Department of Corrections
Decision Package Code/Title: DD – Electronic Healthcare Records

Budget Period: 2005-07

Budget Level: M2 – Inflation and Other Rate Changes

Recommendation Summary Text:

The Department requests funds for a new system to accommodate the needs associated with the ability to systemically provide quality and consistent health care to offenders.

Agency Total

<u>Fiscal Detail</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
Operating Expenditures			
001-1 - General Fund - Basic Account-State	\$2,876,000	\$2,621,000	\$5,497,000
Staffing			Annual
FTEs	<u>FY 2006</u> 4.3	<u>FY 2007</u> 4.3	<u>Average</u> 4.3

Program 100-Admin & Program Support

<u>Fiscal Detail</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
Operating Expenditures			
001-1 - General Fund - Basic Account-State	\$100,000	\$100,000	\$200,000
Staffing			Annual
FTEs	<u>FY 2006</u> 1.3	<u>FY 2007</u> 1.3	<u>Average</u> 1.3

Program 200-Institutional Services

<u>Fiscal Detail</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
Operating Expenditures			
001-1 - General Fund - Basic Account-State	\$2,776,000	\$2,521,000	\$5,297,000
Staffing			Annual
FTEs	<u>FY 2006</u> 3.0	<u>FY 2007</u> 3.0	<u>Average</u> 3.0

Package Description

The Department delivers primary and specialized health services to approximately 16,000 offenders in 16 institutions. With regard to health care for offenders in correctional facilities, the Department is constitutionally required to provide medically necessary care, consistent with the Offender Health Plan (OHP), to address offender's medical, dental, and mental health needs.

Providing this care has become an increasing challenge because offenders are transferred among Department facilities multiple times during their incarceration, and there is a higher rate of turnover experienced in Department health care staff than observed in private sector health care.

To administer this complex health service program, the Department is requesting funding to procure and implement a commercial off-the-shelf (COTS) Electronic Health Record (EHR) system. The 2004 Master Plan supports the Department's attempt to secure funding for an EHR. An EHR system will address the following:

- Increase the time practitioners have for direct patient care by elimination of manual and duplicate charting.
- Support accurate and timely recording of clinical data.
- Support the quality and consistency of care through clinical decision support.
- Increase patient safety with tools such as automatic screening for drug interactions and allergies.
- Support ability to manage the high prevalence of communicable diseases in the offender population.
- Manage offender health care costs through improved control of all cost components, particularly medication costs.
- Support the Department's public safety mission by providing more timely and complete information for classification, risk management, and medical transition planning by interfacing with the Department's current database.
- Effectively exchange patient health information with local jails and the Juvenile Rehabilitation Administration (JRA). This supports continuity of care, collaboration on public health issues, and increases the efficiency of the Department's reception process.
- Allows the Department to keep up with state and federal health privacy law compliance as the EHR will enhance staff productivity. Assist the Department in staying in compliance with several statutory requirements for correctional health care.

A COTS EHR system will allow the Department to control costs that are far beyond the base funding for health services. The Department is estimating cost avoidance of \$2,600,000 annually, half in the year of implementation:

- The Department is estimating a five percent annual decrease in contract primary practitioners expenditures, or \$213,000, due to Department health care staff efficiency. Efficiencies will include significantly improved internal referral management including enhanced use of Department "specialist" and subsequent decreased reliance on external contract practitioners.
- The Department is estimating a ten percent annual decrease in contract nursing overtime expenditures, or \$477,000. Currently, charting and documentation requirements are driving an increased need to use contract nurses. Contract providers have the ability to raise their rates above the inflation rate because of the demand on nursing and the short supply. EHR will help alleviate the manual process of documentation and charting.
- The Department is estimating a five percent annual decrease in medication management expenditures, or \$600,000. EHR will allow the Department to implement and manage a standard prescription formulary with inherent greater utilization and enforcement of therapeutically equivalent but less expensive drugs, to improve the ability to manage medication through capabilities like integrated drug dose, drug/drug interaction, and standardized clinical protocols supported by the system.
- The Department is estimating a ten percent annual decrease in medical supplies expenditures, or \$296,000, as duplicate testing and services for offenders who have transferred as the records will be immediately updated and available.
- The Department is estimating a ten percent annual decrease in off-site service expenditures, or \$548,000, due to improved efficiencies and greater utilization of internal staff. Specific efficiencies will be seen in a reduction of duplicated consultant services, decreased reliance on external

specialists due to greater reliance on internal resources which the system will leverage, enhanced utilization review support provided by the system, enhanced availability of provider support tools such as decision support capabilities, drug databases and immediate access to other information sources, and enhanced capability to review and modify both internal and external provider practice patterns.

- The Department is estimating a decrease in litigation expenses of \$171,000 per year. A majority of the time of health services litigation is time spent reviewing medical records. EHR will have significant improvements in record quality and completeness.
- The Department is estimating an annual decrease of medical records administrative expenditures of \$292,000. This will be achieved through electronic filing and location of medical records and their components.

Agency Activity Inventory Impact:

This request primarily impacts the *Health Care Services for Adults in State Prisons* activity, as defined in the agency activity inventory. This request will enable the Department to maintain existing services at current levels and will preserve current performance results. This request does not add new services, functions, or activities.

Narrative Justification and Impact Statement

How contributes to strategic plan:

This request is critical to agency activities, the strategic plan, and statewide results. The request ensures that the Department has the necessary resources to maintain current levels of service and performance.

This request is required to sustain the agency activity *Health Care Services for Adults in State Prisons*. The resources identified will be directed to support the agency objective reduce the rate of growth in health care costs so that resources are used/deployed efficiently, effectively, and with regard to meeting constitutional mandates. This objective and strategy moves the Department closer to meeting its high-level organizational goal to enhance organizational capacity and competency. This high-level goal is an intermediate outcome and helps achieve statewide results that improve the safety of people and property.

Performance Measure Detail

No measures were submitted for this package.

Reason for change:

The Department is under increasing pressure to reduce health care costs as well as meet quality and health services standards. Under the current system, these objectives are becoming increasingly labor intensive and difficult to meet. Maintaining continuity of care and meeting defined standards of care, for example those by which the Department of Health inspects Department health care operations, are necessary to support the Department's position in the event of future tort or civil rights litigation.

Impact on clients and services:

The treatment time will be increased as the time currently spent on administrative functions will be reduced. The duplicate processes and redundant services, due to inadequate record keeping infrastructure, provided to offenders will be eliminated. The communication between health services and other program areas of a facility will be greatly improved.

Impact on other state programs:

The Department will be able to more effectively exchange health information with other state agencies to support the continuity of care and the collaboration on public health issues.

Relationship to capital budget:

N/A

Required changes to existing RCW, WAC, contract, or plan:

N/A

Alternatives explored by agency:

The Department has explored three alternatives to the COTS alternative:

Do Nothing:

The Department feels this is an unacceptable alternative as annual cost avoidance and other benefits with the implementation of an EHR will not be realized by maintaining the current state of business.

Design and Develop a Department Unique EHR:

Self-development of a system presents high risks at an increased cost. Inherent risks included in self-development include: staffing risk (assembling the right skill and talent set to execute and deliver a complex information technology design and development project); project management and quality assurance related risk; design risk; development risk (including incorporation of industry standard parameters such as standard pharmacy dosing or SNOMED medical terminology tables); schedule risk; testing risk; and overall risk management.

Also, the Department does not feel that it can manage two Design and Develop systems at this time. The other Design and Develop system is Offender Management Network Information. The estimated cost for Design and Develop is \$6,762,000 start-up in the first year and ongoing costs of \$1,049,000. This will require four to five positions. The anticipated cost avoidance is equivalent to a COTS system.

Acquire a Public Domain EHR:

The Department looked at the Veteran's Administration (VA) and Indian Health Services (IHS) systems to determine if they had viable public domain systems available for acquisition. These systems are not a good fit for the Department. They were developed to support inpatient hospitals. Most of the Department's care is in outpatient clinics. Also, the experience of Western and Eastern State Hospitals, which use a version of the VA's system, is instructive. First, depending on VA for technical and some functional support became a significant issue for the Department of Social and Health Services (DSHS). Second, over time the technical capabilities of the public domain system fell behind new commercial software.

A group of corrections departments in western states, including Utah and Idaho, have formed a consortium to develop a correctional information system which has a medical module. The system, however, has not proceeded past the development phase at this time and proper evaluation cannot be completed at this time.

Other corrections departments contacted for information about EHRs were Arizona, Texas, the Bureau of Prisons, Montana, and jails in Thurston County, Benton County, and King County. Arizona has no EHR capability. The Bureau of Prisons search for an electronic health record has come to an end due to lack of funds. The Montana Prison database only serves two facilities; its limited capabilities do not meet the Department's functional requirements. In Texas, the state medical school, which provide care to the state corrections system, has developed a private sector venture to market health services delivery, but does not market the associated IT service as a stand-alone offering.

Benton County has secured a COTS system. The other two Washington counties are looking at but have not yet purchased other COTS systems. Representatives from the Washington Association of Sheriffs

and Police Chiefs (WASPC) are looking into WASPC being a central data site for a COTS system that could be accessed by city, county, and state correctional institutions within Washington State. The Department is participating with the WASPC group in discussions to identify functional and technical requirements for such a system.

In summary, the Department did not find an adequate public domain system.

Budget impacts in future biennia:

Funding will be required in future biennia for staff, network upgrades (enhanced bandwidth), training and travel, and annual software maintenance costs.

Distinction between one-time and ongoing costs:

This request includes one-time costs for EHR software, implementation, communications to the facilities, and up-front network upgrade costs, initial training and travel, and initial maintenance in the amount of \$4,887,000. The start-up funds for software are requested over a five-year period. The start-up funds for implementation and training and travel are requested over a two-year period. All start-up funds are in Institutional Services and \$80,000 per year will be required. For project management in Administrative Services, this position will not be required after the 2005-2007 Biennium. Administrative Services will have annual ongoing costs of .25 FTEs and \$20,000 for a technical lead position. All other ongoing costs will be Institutional Services, including three positions and \$199,000 for a training manager, a system administrator, and a help desk/support position.

Effects of non-funding:

Non-funding of this request will not allow the Department to take advantage of cost avoidance of several different medical services identified previously. It could also lead to non-compliance of several statutory and regulatory mandates as well as continuation of inefficient manual processes, the inability to further reduce errors, and an increased liability exposure.

Expenditure Calculations and Assumptions:

The Department requests an additional \$5,514,000 increase in funding to purchase a COTS EHR system. The Department is estimating a one-time purchase cost for the EHR software, implementation, and communications to the facilities, up-front network upgrade costs, initial training and travel, and initial maintenance to be \$4,887,000. The Department requests \$3,088,000 in the 2005-2007 Biennium Operating Budget. The Department also estimates the need for a project manager for two years at a cost of \$80,000 per year. Staffing costs associated with the system will require 4.25 FTEs at an annual cost of \$219,000 and \$18,000 for training and travel. Non-staffing ongoing costs are requested for annual hardware updates of \$250,000, annual network upgrades to enhance bandwidth as needed of \$200,000, annual maintenance of communications/infrastructure of \$20,000, annual maintenance of the interface of \$20,000, and annual software maintenance costs of \$700,000.

<u>Object Detail</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>Total</u>
A Salaries and Wages	\$239,000	\$239,000	\$478,000
B Employee Benefits	\$60,000	\$60,000	\$120,000
E Goods and Services	\$2,533,000	\$2,278,000	\$4,811,000
G Travel	\$44,000	\$44,000	\$88,000
Total Objects	\$2,876,000	\$2,621,000	\$5,497,000